

August 2021 Market Watch

U.S. markets closed higher in August for the eighth consecutive month, despite the continued spreading of the Delta variant globally. Stocks boded well even with restaurants' demand and labor shortage issues. Concerns aside, markets focused on FDA vaccine approvals and reopening efforts. Another highlight was that the Federal Reserve Chairman Powell calmed market fears that there would be an aggressive tapering timeline of quantitative easing at Jackson Hole. In other words, monetary stimulus would not be removed too quickly.

U.S. economic data saw August's flash purchasing managers' indices (PMIs) at 61.2 for manufacturing and 55.4 for services. CPI was at highs of 5.4%. However, August non-farm payrolls were at 235K, well below consensus of 750K and at the lowest since January due to Delta fears.

Second quarter earnings season ended with S&P 500 companies' YoY earnings growth rate of ~90.9% vs 63% estimate vs 52% Q121. This is the highest YoY growth since Q4 2009 according to Factset. Supply chain constraints and input price pressures are expected to persist in the 2H.

Pandemic headwinds remained a focus, especially as it relates to retail/service sector outlook, delayed office returns, and dampening vaccine efficacy against the new variant.

	Date	1 Week Ago		1 Month Ago		YTD	1 Year Ago	
	8/31/21	8/24/21	% chg*	7/31/21	% chg*	% chg*	8/31/20	% chg*
DJIA	35,360.7	35,366.3	0.0%	34,935.5	1.2%	15.5%	28,430.1	24.4%
S&P 500	4,522.7	4,486.2	0.8%	4,395.3	2.9%	20.4%	3,500.3	29.2%
NYSE Comp Index	16,806.4	16,741.2	0.4%	16,602.3	1.2%	15.7%	13,045.6	28.8%
NASDAQ Composite	15,259.2	15,019.8	1.6%	14,672.7	4.0%	18.4%	11,775.5	29.6%
Russell 2000	2,273.8	2,230.9	1.9%	2,226.2	2.1%	15.1%	1,561.9	45.6%
MSCI EM (Emerging Markets)	1,308.7	1,270.0	3.0%	1,277.8	2.4%	1.3%	1,101.5	18.8%
MSCI EAFE	2,356.4	2,348.4	0.3%	2,321.1	1.5%	9.7%	1,910.0	23.4%
Japan Nikkei 225	28,089.5	27,732.1	1.3%	27,283.6	3.0%	2.4%	23,139.8	21.4%
FTSE 100	7,119.7	7,125.8	-0.1%	7,032.3	1.2%	13.3%	5,963.6	19.4%
SSE Comp Index	3,543.9	3,514.5	0.8%	3,397.4	4.3%	2.0%	3,395.7	4.4%

US Equity Sector Performance

	Aug	YTD	1 Yr Ret.
Consumer Discretionary	2.1%	13.2%	17.8%
Consumer Staples	1.4%	9.2%	14.4%
Energy	-2.0%	30.9%	42.9%
Financials	5.1%	31.6%	56.5%
Health Care	2.4%	20.1%	27.0%
Industrials	1.1%	18.8%	36.4%
Information Tech	3.6%	22.4%	29.5%
Materials	1.9%	19.1%	38.1%
Communication Services	5.0%	30.2%	38.6%
Utilities	4.0%	11.1%	19.7%
Real Estate	2.9%	32.0%	34.9%

US Equity Style Performance

	Aug	YTD	1 Yr Ret.
Dow Jones Utilities	3.0%	8.1%	16.3%
DJ TRANS Avg.	1.6%	18.1%	32.6%
Russell 1000 Value	2.0%	20.3%	36.4%
Russell 1000 Growth	3.7%	21.1%	28.5%
Russell 2000 Value	2.7%	25.4%	59.5%
Russell 2000 Growth	1.8%	6.9%	35.6%

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Bond Markets (%)

	8/31/21	1 Mth Ago	1 Yr Ago
US Benchmark Bond – 3 Mth	0.04	0.05	0.11
US Benchmark Bond – 6 Mth	0.06	0.06	0.13
US Benchmark Bond – 2 Yr	0.20	0.18	0.13
US Benchmark Bond – 5 Yr	0.77	0.70	0.26
US Benchmark Bond – 10 Yr	1.30	1.23	0.70
US Benchmark Bond – 30 Yr	1.93	1.89	1.46

U.S. equity sectors closed mixed. Financials +5.1% and Communication Services +5.0% led gainers while Energy fell -2.0%.

Both Developed International Equities (MSCI EAFE) +1.5% and Emerging Market (MSCI EM) +2.4% closed higher. August was a quiet month for Europe. In Asia, Coronavirus infections shut down a major Chinese shipping terminal in the Ningbo-Zhoushan port and delayed 40+ containers as global supply chain strains persisted. As China expanded regulatory crackdown, in part aimed at the tech sector, the IMF cut China's 2021 growth forecast citing US tech decoupling, domestic debt, and Hong Kong risks.

U.S. government yields saw the 10-Yr move higher at 1.30%, the 30-Yr at 1.93%, and the 2-Yr note at 0.20%. Global bonds fell by -0.4% with investment grade credit spreads widening and sovereign yields rising moderately. Emerging Market debt and high yield credit both delivered positive returns.

Commodity prices moderated and the Bloomberg Commodity Index closed slightly lower -0.3%. WTI crude oil sold off in the month -7.4% on more global growth concerns driven by COVID-19 fears, with more targeted lockdowns and restrictions across the globe while new case record were set in a number of Asian and Pacific countries. Gold closed flat.

Commodities (In US dollars)

	8/31/21	1 Mth Ago	1 Yr Ago
Gold	1,818.10	1,817.20	1,978.60
Crude Oil	68.50	73.95	42.61
US Dollar Index	92.64	92.19	92.13
Bloomberg Commodity Index	95.99	96.28	73.32

US Bond Sector Performance

	Aug	YTD	1 Yr Ret.
Bloomberg Barclays U.S. Govt. Intrm. TR	-0.16%	-0.52%	-0.66%

Interest Rates (%)

	8/31/21	1 Mth Ago	1 Yr Ago
Prime Rate	3.25	3.25	3.25
Federal Funds Rate	0.09	0.10	0.09
Libor Rate 30 Day	0.08	0.09	0.16
Libor Rate 3 Months	0.12	0.12	0.24
30yr Fixed Mortgage	2.87	2.80	2.93

Exchange Rates (per US dollar)

	8/31/21	1 Mth Ago	1 Yr Ago
Canadian Dollar	1.264	1.248	1.303
Mexican Peso	20.040	19.860	21.886
Euro	0.847	0.843	0.836
British Pound	0.727	0.719	0.747
Swiss Franc	0.916	0.906	0.900
Chinese Yuan	6.463	6.456	6.855
Indian Rupee	73.008	74.415	73.608
Japanese Yen	109.860	109.750	106.045

Economic Sentiment

	8/31/21	1 Yr Ago
Unemployment Rate	5.40%	8.40%
Average Single Family Home	383,600	345,500
Capacity Utilization	76.10%	72.27%

*Performance for world indices represents price returns (excluding dividends) for the DJIA, S&P 500, NASDAQ, Russell 2000, MSCI EM, MSCI EAFE, NYSE, SSE, and Nikkei, due to data availability.

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